

Current Financial Initiatives & Issues

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FEDERAL FINANCIAL POLICY-SETTING ORGANIZATIONS

The Central Agencies

**Department of the Treasury
General Accounting Office
Office of Management and Budget**

Standard-Setting Organizations

**Financial Accounting Standards Advisory Board
Cost Accounting Standards Board
Financial Accounting Standards Board
Standard General Ledger Board**

Other Federal Financial Management Organizations

**Joint Financial Management Improvement Program
Chief Financial Officers Council
General Services Administration
Congressional Budget Office**

Financial Initiatives & Issues



PRESIDENT'S MANAGEMENT AGENDA (PMA)

- Initiated in August 2001
- Provides a strategy for improving the management and performance of the Federal Government
- Establishes 5 government-wide initiatives to improve Federal management and deliver results that matter to the American people

Financial Initiatives & Issues



PRESIDENT'S MANAGEMENT AGENDA (PMA)

1. Strategic Management of Human Capital
2. Expanded Electronic Government
3. Competitive Sourcing
4. Improved Financial Performance
5. Budget and Performance Integration

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PRESIDENT'S MANAGEMENT AGENDA

- Agencies are being rated quarterly by OMB on each of these initiatives using a "Traffic Light" scoring of Red, Yellow, or Green.

Financial Initiatives & Issues



PMA – HUMAN CAPITAL

- 34% of Feds eligible to retire by 2005
 - Federal workforce smallest since '50
 - Automation has created a top-heavy organization
- 
- The Human Capital initiative will reform Federal HR practices and de-layer and flatten the organization

Financial Initiatives & Issues



PMA – EXPANDED E-GOVERNMENT

- Create access portals (eg, FirstGov)
- Reduce business reporting burden
- Share info between Feds, State & Local governments
- Automate internal processes

E-Government Services Landscape

Internal
Effectiveness
and Efficiency



Government to
Business



Government to
Government



Government
to Citizen



Cross-Agency E-Government Initiatives

Government to Citizen	Managing Partner	Government to Business	Managing Partner
<ol style="list-style-type: none"> 1. USA Service 2. EZ Tax Filing 3. Online Access for Loans 4. Recreation One Stop 5. Eligibility Assistance Online 	<p>GSA</p> <p>Treasury</p> <p>DoEd</p> <p>DOI</p> <p>Labor</p>	<ol style="list-style-type: none"> 1. Federal Asset Sales 2. Online Rulemaking Management 3. Simplified and Unified Tax and Wage Reporting 4. Consolidated Health Informatics 5. Business Compliance 1 Stop 6. Int'l Trade Process Streamlining 	<p>GSA</p> <p>DOT</p> <p>Treasury</p> <p>HHS</p> <p>SBA</p> <p>DOC</p>
Cross-cutting eAuthentication	GSA	Enterprise Architecture	OMB
Government to Government	Managing Partner	Internal Effectiveness & Efficiency	Managing Partner
<ol style="list-style-type: none"> 1. e-Vital 2. e-Grants 3. Disaster Assistance and Crisis Response 4. Geospatial Information One Stop 5. Wireless Networks 	<p>SSA</p> <p>HHS</p> <p>FEMA</p> <p>DOI</p> <p>DOJ</p>	<ol style="list-style-type: none"> 1. e-Training 2. Recruitment One Stop 3. Enterprise HR Integration 4. Integrated Acquisition 5. e-Records Management <p>e-Travel</p> <p>eClearance</p> <p>ePayroll</p>	<p>OPM</p> <p>OPM</p> <p>OPM</p> <p>GSA</p> <p>OPM</p> <p>OPM</p> <p>GSA</p> <p>NARA</p>

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PMA – FINANCIAL PERFORMANCE

"It takes the Federal government 5 months to close our books... this is not the stuff of excellence."

~ Paul O'Neill, Secretary of the Treasury

- Accelerated Financial Statements
- Interim (Quarterly) Statements
- Reduce erroneous payments
- Integrate financial and performance management systems

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PMA - FINANCIAL PERFORMANCE

To receive a green light:

- System must meet Federal financial management system requirements and accounting and transaction standards;
- Accurate and timely financial information;
- Integrated financial and performance management systems supporting day-to-day operations; and
- An unqualified and timely audit opinion on the annual financial statements with **NO** major control weaknesses reported

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PMA - FINANCIAL PERFORMANCE

Where is DOE? – OMB Briefing 6/19/02

- Presented Plans of Actions and Milestones for the 13 material weaknesses and 4 reportable conditions for the FY 2001 statements
- Independent assessment of Phoenix
- Financial and performance management systems integration – pending cost accounting capability:
 - FY 2003 - assign cost to 10% of measures
 - FY 2004 – assign cost to 25% of measures

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PMA - FINANCIAL PERFORMANCE

Financial Statements:

- First interim statements submitted early (5/24/02 vs. 5/31/02)
- Working with IG and KPMG to meet the new schedule
 - FY 2002 – 2/1/03
 - FY 2004 – 11/15/04

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PMA - FINANCIAL PERFORMANCE

FY 2002 Financial Statements - Concerns

- Last Year's Reportable Conditions
 - Performance Reporting
 - Unclassified information systems security
 - Financial management at WAPA
 - Environmental liabilities for active facilities

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PMA – BUDGET & PERFORMANCE INTEGRATION

- Performance baselines to be included in the FY 2003 budget
- Agencies to bear the cost of pensions and healthcare (currently funded by OPM)
- Funding will be shifted to performing programs

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PMA – COMPETITIVE SOURCING

- Process: Put Federal jobs out to bid; government submits its own proposal
- 850K of the 2.6M Federal positions are not inherently governmental
- Each agency to study 15% by 2003
- Goal: Increased efficiency

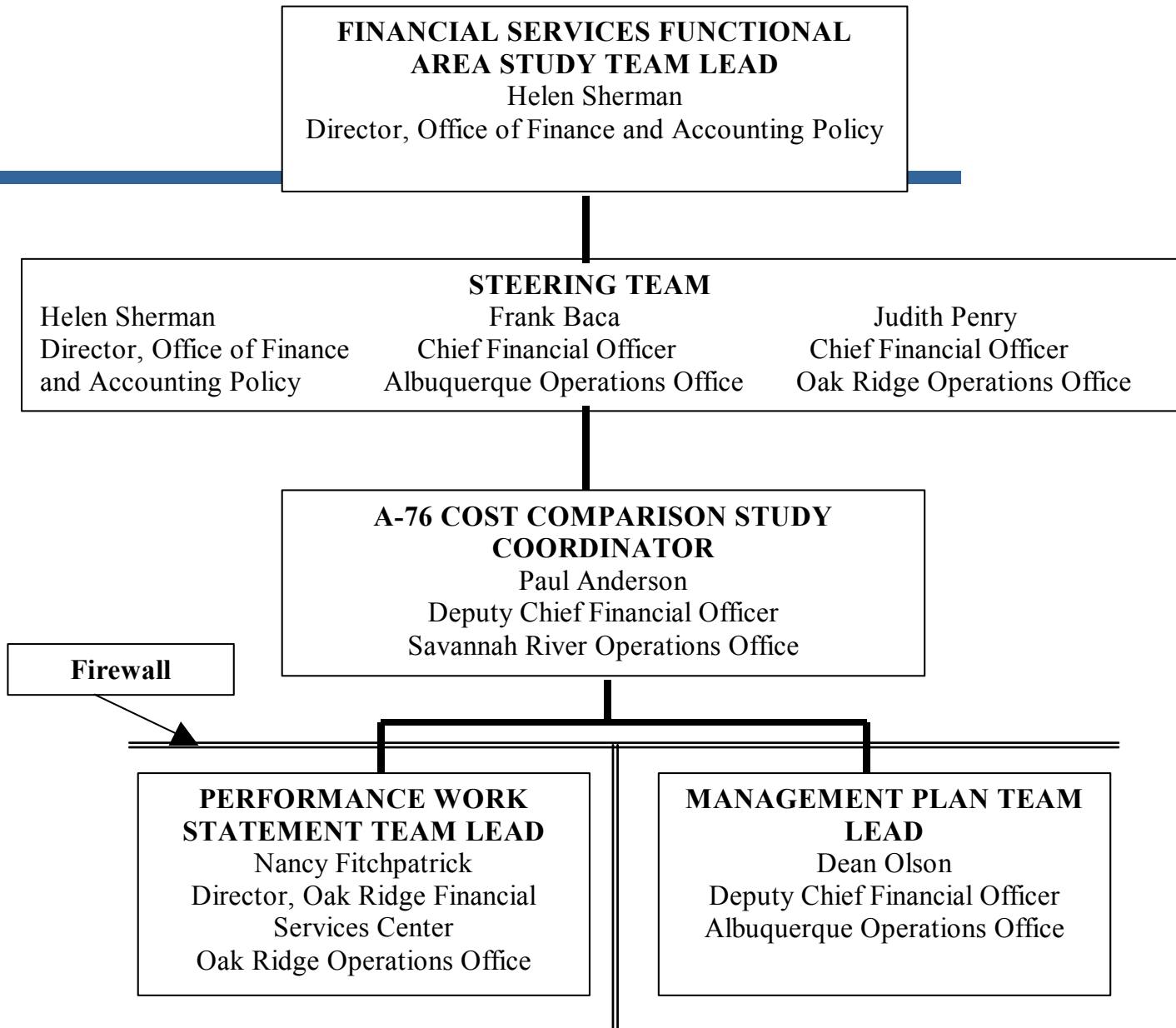
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PMA - COMPETITIVE SOURCING DOE Financial Services Study

- Six Functions – Payables, Receivables, Travel, Timekeeping, Systems Support, General Accounting/Financial Reporting
- 24 Month Timeline
- 150 Federal FTEs and 57 Support Contractor FTEs at 28 Locations
- Largest concentrations of positions are at HQ, AL, and OR

Roles and Responsibilities -- Key People



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PMA - COMPETITIVE SOURCING

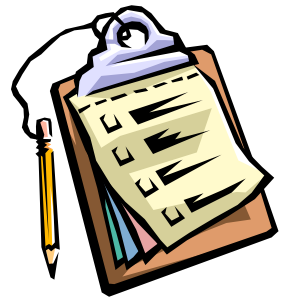
DOE Financial Services Study

- Senior management participation
- Monthly calls with CFOs at 28 affected sites
- Quarterly televideo with affected employees
- Communications with union bargaining units
- Early, constant HR Office involvement

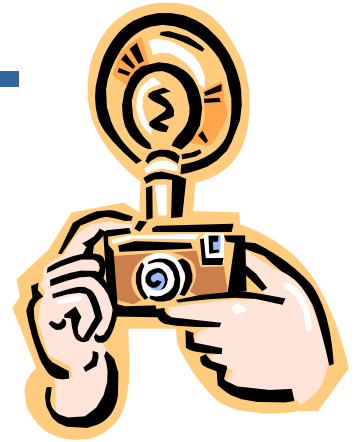
The Federal Financial Management Systems Environment

Federal Financial Management Systems: What is Needed?

- Produce accurate, timely, complete, reliable, and consistent information
- Provide adequate agency management reporting
- Support for governmentwide and agency policy decisions
- Support preparation and execution of agency budgets
- Facilitate financial statement preparation
- Provide information to central agencies
- Provide audit trail



Financial Systems Snapshot in FY 2001



- 24 CFO Agencies
- 728 Financial Systems
- 1,057 Applications
- \$2.5 Billion Annual Expenditure
- 35% are COTS (incl. customized COTS)
- 1,057 Operating System Applications
 - 56% of the system applications will reach their end-life in the next 5 years
 - Half of those plan on, or in the process of, upgrading applications

Source: OMB Financial Management Systems Inventory Survey Data.

Intragovernmental Eliminations Study

Intragovernmental Transactions Elimination Study: Findings



- Poor data quality
- Reconciliation not feasible - agencies cannot identify true business partner
- Lack of standards for data structure, business rules, and consistent recording
- Need to apply technology to address resource and financial system limitations
- Opinion on US financial statements adversely impacted

Recommendations

1. Develop identification codes at business level
 - essential to enable reconciliation of exceptions
 - codes in report not detailed enough
2. Revise US SGL, including self-balancing Inter Governmental accounts
 - promotes completeness as well as improved consistency and accuracy
3. Issue RFI for web-based G2G portal
 - portal provides control mechanism
 - improves completeness of data and efficiency of process
4. Determine standard data structure for G2G
 - structure in report only relevant to reconciliation activity



OTHER ITEMS OF INTEREST

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OTHER ITEMS OF INTEREST ERRONEOUS PAYMENTS

- DOE to assess the nature and amount of erroneous payments and take corrective action if needed
 - A review of FY 2001 payments at selected sites to determine a baseline
 - A review of FY 2002 payment activity based on quarterly reports by all payment offices

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DELINQUENT INTERAGENCY/DOD DEBT

- Initial meeting held with DFAS on 5/21/02
- DOE provided a listing of all Defense related receivables in excess of 180 days delinquent
- Listing showed outstanding receivables in the amount of \$21 million (excluding credits)

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DELINQUENT INTERAGENCY/DOD DEBT

- Outstanding items to be resolved in two phases:
 - High dollar amounts under agreements with funding that has not expired
 - Remaining items
- DFAS will require resubmission of an invoice package or complete agreement package in order to resolve most outstanding debts

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DELINQUENT INTERAGENCY/DOD DEBT

- DFAS distributed delinquent debt listing to its 5 central offices for action.
- DOE provided DFAS with a revised delinquent debt listing on June 12th and on June 18th DFAS provided a response with the status for each debt or items needed to be resolved.
- DOE segregating the DFAS response/request for information by Operations Office for distribution
- Ops Offices preparing reimbursable documentation in anticipation of DFAS's requirements.

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FINANCIAL MANAGEMENT/AUDIT COMMITTEE

- A Government-wide Committee is being established and each agency is expected to establish its own committee
- DOE is one of the pilot agencies
- OMB has asked agencies to develop plans to establish a financial management/audit committee.